

USAID/SLOVAKIA  
FY 2002 Results Review  
Submitted March 2000

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Assistant Administrator, E&E

From: Paula Goddard  
Mission Director, USAID/Slovakia

Subject: USAID/Slovakia FY 2002 Results Review

We are pleased to submit with this memorandum USAID/Slovakia's R2, which reports on the results of our efforts over the past year. This has been a successful and rewarding year for our staff and for our many partners. At the same time, it has been a difficult period, as we confronted the challenge of ending USAID's presence in Slovakia after more than eight years. This will be the final Results Review of USAID/Slovakia's program prior to closure in September 2000.

As was described in last year's Results Review, when the new Slovak Government was formed in late 1998, three priorities were announced: to confront the financial crisis left by the previous government, to combat corruption and organized crime, and to seek integration into the EU, NATO and the OECD. Over the past year, the government has taken steps to advance these goals by adopting a stringent austerity program to stabilize the economy, lowering income taxes to encourage investment, taking steps to privatize major holdings, granting the judicial system increased political independence (informally for now, but with plans to formalize), and making government proceedings more open and transparent. In addition, legal and policy measures are being put in place that will decentralize government power, reform and privatize banking institutions, reduce fiscal deficits through improved budgeting and debt management, address corruption, and further reform the judicial system.

In recognition of these profound reforms, the European Commission has invited Slovakia to begin negotiations as a "fast track" candidate for admission into the EU, and the OECD may consider favorably Slovakia's request for admission later this year. In addition, the World Bank, the EBRD and the EIB plan to expand their support for Slovakia, and both Moody's and Standard & Poor's have revised their previous negative ratings of Slovakia. However, despite the improved international assessment, there are signs that the current government is losing domestic support – and nostalgia for the past is surfacing. Increasing fragmentation among political parties that make up the governing coalition could undermine the reform program. The challenge will be to continue the pace of reform until sufficient benefits have been achieved to assure continued support from the citizens.

The previous two R2s prepared by USAID/Slovakia indicated that the only significant post-presence USAID activity requiring financial and programmatic oversight would be the indigenous grant making organization (IGMO), which will provide grant assistance to support Slovak non-governmental organizations until June 2002. Consistent with our approved operational closeout plan, USAID/Slovakia relinquished its rented office space at the end of calendar year 1999, and employment for many of our excellent local staff was terminated at that time. Two USDH, one part-time US PSC, and six FSNs were relocated to offices in the Embassy early this calendar year, from which the program is being managed during its final nine months. This staff will be gradually reduced between now and Mission closure on September 30, 2000.

The US Embassy has requested that US assistance to Slovakia be maintained, where possible, through regional E&E programs, and the SEED Coordinator has agreed in principle to allocate some performance funds for unmet needs, with amounts to be determined when priorities and costs are defined. Absent the presence of a USAID Mission, only a limited number of assistance objectives can be achieved, thus this R2 proposes selected activities to be carried out post Mission closure, responding to high-priority, GOS needs. The criteria used in selecting post presence activities are described in Annex C to this document, and are based on Bureau Operating Procedure 312, Guidance for Consideration of USAID Activities in Post-Presence ENI Countries.

The Government of Slovakia has requested that the United States continue to provide expert assistance in five areas: 1) public debt management; 2) public sector budget formulation and execution; 3) bank restructuring/privatization (including problem loan asset disposal); 4) amendment to the bankruptcy and commercial laws; and 5) implementation of an anti-corruption campaign, including constitutional and judicial reforms and a public awareness campaign. These activities are in fact largely extensions of elements of USAID/Slovakia's present program, and the advisors and implementing mechanisms for the most part are already in place for provision of this assistance. Each of these activities is critical to the Government's reform program, and no other donor is in position to provide this assistance. In order to support these activities, a total of \$1,620,000 of Fiscal Year 2000 funding would be required.

USAID and the US Embassy in Bratislava propose that one USAID foreign service national personal service contractor be maintained through FY 2001, to assist the E&E Bureau and the Embassy with management of these activities. This individual would have office space in the US Embassy/Bratislava, and receive local guidance from the Embassy Econ/Commercial Officer, while working under the direct supervision of USAID EE/ECA.

USAID's program in Slovakia has had a profound impact in facilitating the country's adoption of democratic institutions and processes, and its transition to a market economy. A very large number of US and Slovak professionals and institutions have contributed to the successful impact of this program. We call particular attention to our summary analysis of the overall program impact attached as Annex D. We look forward to the Bureau's comments on our Results Review.

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### Common Acronyms :

ABA	American Bar Association
ACILS	American Center for International Labor Solidarity
AIHA	American International Health Alliance
CAMP	Code Assessment and Maintenance Program
CEE	Central and Eastern Europe
CEELI	Central and Eastern Europe Law Initiative
CIDA	Canadian International Development Agency
CSOs	Civil Society Organizations
DOJ	Department of Justice
EBRD	European Bank for Reconstruction and Development
E&E or EE	USAID's Bureau for Europe and Eurasia
EIB	European Investment Bank
EPA	Environmental Protection Agency
ETP	Environmental Training Program
EU	European Union
EU Phare	EU Technical Assistance Program
FCS	Foundation for a Civil Society
FSN	Foreign Service National employee
GOS	Government of Slovakia
GEF	Global Environmental Facility
HIID	Harvard Institute for International Development
HME	Health Management Education
IAA	Inter-Agency Agreement
ICMA	International City and County Managers' Association
ICNL	International Center for Not-For-Profit Law
IESC	International Executive Service Corps
IPCM	Institute of Preventive and Clinical Medicine
IREX	International Research and Exchanges Board
IRI	International Republican Institute
LGSAC	Local Self Government Assistance Center
MBA	Masters in Business Administration
MOE	Ministry of Environment
MPP	Mission Performance Plan
MTEE	Management Training and Economic Education Project
NICU	Neonatal Intensive Care Unit
NDI	National Democratic Institute
NFF	National Freedom Forum (Freedom House)
NRC	Nuclear Regulatory Commission
OECD	Organization for Economic Cooperation and Development
PDCS	Partners for Democratic Change/Slovakia
PPC	Pollution Prevention Center
REC	Regional Environmental Center
SAEF	Slovak and American Enterprise Fund
SEA	Slovak Environmental Agency

SEED	Support for Eastern European Democracy
SO	Strategic Objective
TRANSIT	Technical Training for Societies in Transition
UNITAR	United Nations Institute of Training and Research
USDA	United States Department of Agriculture
USDH	US Direct Hire employee
VOKA	Slovak NGO organized to take over ACDI/VOCA program
WB	World Bank
WEC	World Environment Center

**USAID/SLOVAKIA**  
**FY 2002 Results Review**

**II. Overview and factors affecting program performance**

**A. Country factors**

The reform-oriented government of Prime Minister Dzurinda has taken major steps to address macroeconomic instability and remedy weak democratic processes. The Government's ability to do so has been somewhat undercut by the virtual dissolution of the largest member of the governing coalition, the Slovak Democratic Coalition (SDK), although the SDK's member parties are continuing to co-operate, and the government is not expected to fall. During 1999 Slovakia held its first direct Presidential elections, and in a significant victory the pro-reform coalition candidate, Rudolf Schuster, defeated former Prime Minister Vladimir Meciar.

One reason for the fragile status of the ruling coalition is popular displeasure with the Government's austerity program, which has been implemented to deal with Slovakia's fiscal and financial sector crises. Economic growth slowed to 1.9% in 1999 as a result of tightening macroeconomic policies, while inflation rose to 14% and unemployment increased to 20%. The Government's efforts to address its fiscal deficits were slower than hoped, although it is now projected that the FY2000 deficit will be reduced to 3% of GDP.

In addition to macroeconomic stabilization, the GOS is pursuing a number of important structural reforms, primarily related to bank restructuring and privatization, debt workout, bankruptcy reform, and significant modifications to the civil and criminal codes (to assure improved corporate governance). The GOS is also moving to privatize a majority stake in the national telecommunications company, and is preparing for reforms in the energy sector. The government is also currently vetting a comprehensive national plan of action against corruption, which was drafted by Transparency International Slovakia (USAID funded). The anti-corruption program is intended to make transparency in government the norm in Slovakia, both at the national and local levels. Finally, the GOS will soon undertake a major decentralization program shifting responsibility and resources to new regional officials, and to local government.

The international community has responded favorably to the GOS' reform actions, and the European Commission has begun "fast track" negotiations for Slovakia's accession into the European Union. It is also possible that Slovakia will be admitted to the OECD this summer, due to its aggressive efforts to adopt appropriate economic and trade standards. The World Bank, the EBRD and the EIB have all promised significant support, and prior negative outlook of Slovakia by private sector organizations (both Moody's and Standard & Poor's) have been revised upward. However, domestically the response has not been as favorable. Today, 60% of Slovaks believe that life was better before communism ended in 1989, up from 49% in 1997. While most Slovaks remain committed to reforms required to achieve membership in the European Union, they are impatient to see the benefits of this process. Unfortunately, the impact of the reforms in the short-term is often negative, for example while the Government proceeds with bank restructuring, the availability of bank credit is severely limited, further restricting growth. Slow growth of GDP is expected in 2000 as well as in 2001. It is important that the

international community, including the United States, actively support the rapid and effective implementation of the GOS' reform agenda.

## **B. Summary of progress implementing strategic plan and significant achievements in 1999**

During 1999, USAID/Slovakia continued to provide important support for Slovakia's transition to democracy and a free market economy, while proceeding toward Mission closure. During this period the Government of Slovakia (GOS) adopted a series of measures to stabilize the economy and reduce fiscal deficits, and to strengthen its democratic institutions. The GOS is also taking a series of steps that should produce accelerated economic growth in the medium term, and redress popular concern about corruption and cronyism. However, to achieve this it must be able to maintain the governing coalition required to implement the measures, which may prove difficult if the public is not convinced economic conditions will soon improve.

Most USAID program activities during this period were related to Strategic Objective (SO) 2.1, "increased, better-informed citizens' participation in community, political and economic decision-making." The January 2000 USAID Bureau for Europe and Eurasia (E&E) Non-Governmental Organization (NGO) Sustainability Index ranks Slovakia's NGO movement along with that of Hungary and Poland as the most advanced among the 24 countries in the E&E region. However, membership in NGOs, labor unions, and political parties all fell short of targets in the USAID performance measurement plan, and the percentage of citizens indicating a preference for democratic principles continued to decline. USAID/Slovakia proposes that several key activities related to this objective be continued post Mission closure.

Activities related to the Mission's other democracy strategic objective, SO 2.3 (more effective, responsive and accountable local government), were much more limited during the past year. In fact, a majority of these activities were completed at about the same time as last year's Results Review was submitted to Washington. The single activity related to this SO that is still continuing is the housing allowance income support activity, which will be successfully completed by July 2000.

At the time last year's results review document was submitted, the Mission formally closed two of its remaining four strategic objectives, i.e. SO 1.3 (accelerated development and growth of private enterprises) and SO 1.6 (increased environmental management capacity to support sustained economic growth). Residual activities related to the closed SOs continued in FY99, and will be reported as "special initiatives" in this document. Some of these activities have assisted the Government of Slovakia (GOS) to advance its objectives of addressing the country's financial crisis, combating crime and corruption, and seeking integration into the EU, NATO, and the OECD.

## **C. Connection to Mission Performance Plan**

There is a direct linkage between the USAID strategic objectives and two of the three strategic goals in the US Embassy Mission Performance Plan (MPP), i.e. economic growth and democracy. USAID activities also indirectly support the third strategic goal, regional stability. Activities under Strategic Objectives 2.1 and 2.3, as well as several under 4.1, support the

democracy goal. Other activities under Strategic Objective 4.1 support the Mission's economic growth goal. The USAID activities that will continue to be supported after closure of the USAID Mission, as outlined in Annex C, are all directly linked to MPP goals.

#### **D. Summary of achievements of the assistance program**

USAID was the first donor organization to establish a presence in Bratislava, creating its Mission a full year before creation of the Slovak Republic. Since then the US government has provided over \$180 million in grant financing for over 120 different collaborative activities in Slovakia, involving hundreds of local institutions and thousands of individual partners. The US objective, in the beginning and now, has been to facilitate Slovak efforts to establish democratic institutions and processes, and to adopt a free-market economic system. A primary goal of the program has been to assist Slovakia to integrate fully into European and other Western political institutions and economic structures.

Since the beginning, USAID's first priority has been to support the emergence of democratic institutions and processes, including overcoming civic indifference generated during four decades of communism. This has entailed support for free elections, competitive political parties, improved justice institutions, a free and responsible media, and a vibrant civil society. Of almost equal importance, USAID has provided significant assistance for economic transformation, including privatization of state-owned companies, skills development for entrepreneurs and managers, financial sector reform, and improvement of the legal and regulatory environment. The third focus of USAID's program has been on energy and the environment, including nuclear safety, pollution control, and proper disposal of hazardous wastes. Finally, the fourth area of USAID investment has been in improved social services and human development, including health care delivery, management and education.

While concern exists about the stability of political institutions and economic policies and the sustainability of the transition to Western norms, the Government of Slovakia has adopted a profound reform program that will complete this transition if fully implemented. USAID over the past eight years has assisted with drafting of appropriate laws, creation of appropriate institutions, and adoption of appropriate policies. Specifically, USAID support has assisted the creation of nineteen major non-governmental organizations in Slovakia, and has significantly strengthened sixteen already existing organizations. It has also strengthened over thirty public sector institutions and twenty-six academic programs. The US government will continue to provide targeted assistance to support the GOS' reform efforts, and to assist Slovakia in taking full advantage of the significant support available from multi-lateral organizations.

#### **E. Prospects for successful closeout of the USAID/Slovakia Mission**

1. Assessment of realistic prospects for achieving the SOs within the remaining timeframe: Only SO 2.1, "increased, better-informed citizens' participation in community, political, and economic decision-making," remains active at this time. All but five of the activities being implemented under this SO will end by June 2000. The high rating of Slovakia's NGO movement in the latest E&E NGO sustainability index publication demonstrates progress toward

this objective, but key indicators show that the objective has still not been achieved. Due to the fragile political and economic conditions that currently prevail in Slovakia, USAID has proposed several activities to continue after Mission closure.

2. Managerial and resource adjustments to reinforce prospects for success: As described in Annex C, USAID/Slovakia proposes that several critical special initiatives be supported by USAID after closure of the Mission in September 2000. These activities will pursue very specific results, but are not sufficient to warrant reinstatement of an expanded strategic framework, and there are no plans for USAID to maintain a Mission in Slovakia to manage these initiatives. Special arrangements will need to be made to assure adequate management of these resources. This is discussed in depth in the annex.

3. Mechanisms for advancing sustainability: Sustainability of the USAID program initiatives has been a major concern in the design and implementation of all existing programs, and considerable investment has been made in creating the appropriate legal environment, implementing intensive training activities, and assuring that “legacy” institutions are fully capable of maintaining program momentum after USAID assistance ceases. An in-depth analysis of the impact of the USAID program, summarized below and in Annex D, highlights the fact that the large number of dynamic, viable legacy institutions is in fact the primary positive impact of the USAID program in Slovakia.

4. Status of closeout plan implementation: USAID/Slovakia is proceeding on target with the implementation of its approved Mission closeout plan, including consolidation of the USAID Mission office space, termination of most elements of the assistance program, documentation of closeout actions, and reduction of personnel. Terminating personnel are being assisted with transitional training opportunities, and receive a special bonus upon completion of their service. USAID/Slovakia does not anticipate any interruption of the closeout process. However, USAID/Slovakia and US Embassy/Bratislava propose that one FSN personal services contractor be employed through FY 2001, to assist E&E Bureau and US Embassy staff to monitor implementation of post presence activities.

### **III. Results review by strategic objective**

#### **A. USAID/Slovakia; Strategic Objective 2.1: Increased, better-informed citizens' participation in community, political and economic decision-making; SO # 193-021-01.**

##### **1. Mission Self-assessment**

Has not met expectations. Only one of the four performance indicators used to measure performance for this objective met the planned target, and two of the three missed expectations by a wide margin (i.e. percent of population reporting a preference for democratic principles, and percent of citizens participating in NGOs, labor unions, and political parties). The deepening economic malaise is a major factor in citizens' negative perceptions of democratic reforms, undercutting motivation for participation.

##### **2. Summary**

(SO 2.1 links to Agency objective 2.3, "Increased development of politically active civil society," and to the MPP democracy strategic goal) Apathy, in effect a learned helplessness that was an effective coping strategy during the communist regime, is a weak base upon which to build democratic political institutions. Active civic participation is necessary if democratic institutions and procedures are to be truly institutionalized and sustained. Under Strategic Objective 2.1, USAID seeks to help reverse this learned behavior by increasing the ability of groups such as non-governmental organizations, labor unions, political parties, and the media to serve as vehicles for effective citizen participation in public affairs. Additionally, increased participation requires acceptance by citizens of democratic values and the existence of independent sources of information, including a free media, to provide citizens with the information they need for informed decisions, and to exercise their civic duties and responsibilities. There are three intermediate results (IRs) under SO 2.1, increased acceptance of democratic (civic) values; increased ability to participate; and expanded, more effective and independent media.

##### **3. Key results**

Four tables are presented at the end of this section which show the planned versus actual performance against selected results indicators for this strategic objective. Only one of the four indicators, the Freedom House rating of Slovakia's degree of media freedom, indicated that the target result has been achieved. The other three indicators failed to achieve targets, although voter turnout was essentially at the targeted level. The percentage of citizens who report preference for democratic principles in political life, and the percentage of the population organized into NGOs, trade unions, and political parties, were substantially below targets. The democratic principles most widely supported were related to the rule of law, freedom of media, and freedom to express opinions. Support for democratic principles was weakest concerning issues of pluralism versus national unity, negotiation versus firm rule, and minority versus majority rights. The current economic crisis may have decreased citizen participation in some areas, and may have also weakened support for democratic principles. In addition, it should be noted that less than a year and a half has elapsed since election of a truly democratic, reform-

oriented government, and the attitudes and behaviors being measured by these indicators do not respond quickly to changed political conditions. Finally, it is possible that the targets USAID set, particularly for citizen participation in NGOs, labor unions, and political parties, may have been too ambitious

#### **4. Performance and prospects**

Activities related to this strategic objective will be substantially completed prior to Mission closure in September 2000, although several activities will continue after that date. Of the sixteen activities under SO 2.1 included in the termination schedule in last year's results report document, six have been successfully concluded, and five more will be concluded within the next three months. Of the remaining five, four have previously been approved for continuation after Mission closure, i.e. the Embassy Office of Public Affairs managed activity (Democracy Commission NGO grants), one regional activity (Freedom House monitoring and assessment support from Budapest), and one bilateral activity (the indigenous grants management organization, which will continue with program management support from USAID/Washington). The fifth post presence activity would be the continuation of the ABA/CEELI assistance is currently provided both through a USAID funded cooperative agreement and through a SEED resource transfer via the US Department of Justice (see proposal in Annex C).

Increased acceptance of democratic (civic) values: Of the four USAID supported activities contributing to this intermediate result, one (Democracy Network) ended in July 1999, with only limited activities during this period. Perhaps USAID's most significant investment has been the Orava Educational Reform Project, which promotes the use of democratic pedagogical practices to educate future generations of Slovaks in the types of behaviors and attitudes they will need to be responsible members of a democratic society. The focus during this period has been on consolidating the program's legacy, by obtaining Ministry of Education approval that one of the courses that teachers can take to be recertified (which is required to receive salary increases) is a training course in the use of the Orava techniques. These techniques are now taught at all three methods training centers and at several of the universities in Slovakia. The Orava Association for Democratic Education, established a year ago to carry on the work of the Orava Project after USAID support for this activity ends in June 2000, is now a stable institution and has already assumed responsibility for the program.

ABA/CEELI has focused on drafting amendments to civil and criminal codes, adoption of anti-corruption measures (including a Freedom of Information act), and supporting bankruptcy law reform in relations to bank privatization activities. Over the past year they have published twelve pamphlets on legal rights, with another five due by July 2000. In 1999, CEELI placed increased emphasis on reform of Slovakia's legal and regulatory environment, and has been one of the primary organizations helping the GOS to define and implement a comprehensive anti-corruption program (an issue closely tied to acceptance of democratic values). USAID/Slovakia is recommending that the ABA/CEELI program continue post-USAID Mission closure in order to assist the GOS with implementation of the anti-corruption plan as well as other legal reforms. Transparency International Slovakia, with USAID support, prepared the draft anti-corruption plan, and is proposed for further USAID support for an anti-corruption awareness campaign post USAID Mission closure. Finally, acceptance of democratic values in the Slovak labor

movement has been promoted under the AFL-CIO ACILS project. The Confederation of Trade Unions (KOZ) has established an effective training institution which has now assumed responsibility for this program, and will continue after USAID assistance ends this June.

Increased Ability to Participate: Eight USAID supported activities contributed to this intermediate result, including the democracy network, ABA/CEELI and ACILS projects mentioned above. The National Democratic Institute's (NDI's) community organizing training program has now been institutionalized in an indigenous Slovak organization, Citizens in Action, which continued program activities after NDI and USAID support ended last fall. The International Republican Institute (IRI) has focused on improved communications between the national government and citizens, especially concerning public administration reform. This program will decentralize powers from the national level to new regional government offices (elected) and to local governments. IRI has received National Endowment for Democracy resources for a regional (northern tier Central and Eastern Europe) office that will continue to support these activities after USAID support ends this June. ACDI/VOCA's rural community development, rural women's leadership, tourism/crafts and micro-finance activities continued to build community capacity and a network of rural Slovakia NGOs, with a no-cost extension until March 2000. The indigenous NGO, VOKA, has assumed responsibility for the program and will continue it after USAID support terminates, although the final program evaluation raises questions about VOKA's ability to be financially self-sustainable. Finally, the International Center for Not-for-Profit Law (ICNL) completed work with the Ministry of Government and leading NGOs on legislation to improve the legal framework for Slovak NGOs. A new Foundation's Law and an amendment to the Non-Profit Public Benefit Organization laws will probably be considered by Parliament in April, just after the USAID supported ICNL activity ends. Already, Parliament has approved legislation amending income tax laws, allowing assignment of one percent of income to NGOs.

A new activity begun in 1999 will continue for nearly two years after USAID Mission closure. The indigenous grants making organization (IGMO) activity began in June 1999, with signature of a cooperative agreement with a consortium of Slovak NGOs, called Ekopolis/ETP. Through three sub-offices in different regions of Slovakia, Ekopolis/ETP will provide grants to strengthen NGO capabilities in advocacy, community philanthropy, women/minority tolerance programs, and small rural projects. USAID program management for this activity will be assumed by E&E/DGSR upon Mission closure. Finally, the Embassy Democracy Commission small grants program will continue to support NGOs after USAID Mission closure.

Expanded, more effective, and independent media: USAID's Professional Media Program, administered by a consortium headed by the International Research and Exchanges Board (IREX), was completed in September 1999. The project succeeded in consolidating two legacy organizations, the Association of Independent (i.e. private) Radio Stations, and the Association of Television Stations. The first of these has become self-supporting through fee-based media research, and continues to represent industry interests, while assisting stations to target audiences better, and to build radio networks. The Association of Television Stations is also self-supporting, and is helping to improve the quality of broadcasts by purchasing quality equipment which is then available for use by members.

## 5. Possible Adjustments to plans

The principal adjustment to last year's R2 plans is the proposal described in Annex C, and referred to above, to continue support for selected activities related to this strategic objective post USAID Mission closure. Specifically, it is proposed that ABA/CEELI and Transparency International activities continue into FY2001, in order to assist the GOS to implement the anti-corruption strategy and to achieve other legal and judicial reforms. However, although individual activities will continue, USAID/Slovakia does not propose that SO 2.1 be carried over into the post Mission-closure period, even though as noted above the expectations related to this SO have not been achieved. After closure of the Mission, it is unrealistic to expect that the USAID/W offices assuming responsibility for managing completion of the on-going activities will also have the resources to monitor SO level results within Slovakia.

## 6. Other donor programs

USAID has been the principal donor contributing to this SO in the past, although the European Commission has increased its attention to these issues. In addition, the World Bank is considering support for public sector reform, which will build on the anti-corruption strategy developed by Transparency International Slovakia, with support from ABA/CEELI. The US National Endowment for Democracy, as noted above, will provide support for continued IRI activities post-USAID closure. The Soros Foundation also provides significant support to democratic institution development in Slovakia, including local government training and anti-corruption activities by Transparency International, as well as other NGO support.

## 7. Major contractors and grantees and termination schedule for activities under SO 2.1

Activity	1998	1999	>1999
Small project assistance	6/98		
Democracy Network (Foundation for Civil Society)		7/99	
On-site Election Technical Assistance (IFES)		9/99	
Promedia Program (IREX)		9/99	
Democracy advisor - PSC		9/99	
Slovakia Community Organizing/Election Monitoring (NDI)		10/99	
Rural Community Capacity Building Program (ACDI/VOCA)			3/00
Regional Democracy Network (ICNL)			3/00
Solidarity Center (AFL-CIO ACILS)			6/00
Political Party Development (IRI)			6/00
ORAVA Education Reform Project (UNI)			6/00
Democracy Commission Small Grants (Embassy)			On-going
Rule of Law (ABA/CEELI) (*)			7/00
NFF (Freedom House)			9/01
NGO Support – indigenous grant management organization			6/02

(\*) Recommended for extension to July 2001

## 8. Results indicators

<b>OBJECTIVE: SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making.</b>			
<b>APPROVED: 05/25/96 COUNTRY/ORGANIZATION: USAID/Slovakia</b>			
<b>RESULT NAME: SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making.</b>			
<b>INDICATOR: Citizens make use of mechanisms for participation.</b>			
<b>UNIT OF MEASURE: Voter turnout: National elections/local elections</b>	<b>YEAR:</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1994		76/52*
	1996		N/A
	1997	75/75	76/72**
<b>SOURCE:</b>	1998	85/85	84/54*
			72/73**
* real election turnout	1999	85/85	83/78*
** FOCUS survey			79/79**
<b>INDICATOR DESCRIPTION: Percent of eligible voters that turn out for national and local elections.</b>			
<b>COMMENTS:</b>			
<b>OBJECTIVE:SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making.</b>			
<b>APPROVED: 05/25/96 COUNTRY/ORGANIZATION: USAID/Slovakia</b>			
<b>RESULT NAME: IR 2.1.1: Increased acceptance of democratic (civic) values</b>			
<b>INDICATOR: Proportion of citizens reporting preference for democratic principles in political life</b>			
<b>UNIT OF MEASURE: Percentage</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1994 (B)		47
<b>SOURCE: Focus survey</b>	1995	NA	55
	1996	57	NA
<b>INDICATOR DESCRIPTION: Response to a set of questions indicating preference for democratic principles.</b>	1997	65	59
	1998	70	58
	1999	75	53
<b>COMMENTS: The targets established for this indicator were in excess of what is necessary to achieve a transition to democracy. 60% of citizens reporting support for democratic principles combined with a continued decline in the percentage of citizens reporting support for non-democratic principles would be an acceptable level for achievement of this IR. This would indicate that a clear majority of the population supports democratic behavior in the political realm.</b>	2000	75	52

<b>OBJECTIVE:SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making.</b>			
<b>APPROVED: 05/25/96 COUNTRY/ORGANIZATION: USAID/Slovakia</b>			
<b>RESULT NAME: IR 2.1.2: Increased ability to participate.</b>			
<b>INDICATOR: Membership in NGOs, trade unions, and political parties,</b>			
<b>UNIT OF MEASURE: Percentage</b> <b>SOURCE: Focus survey</b>	<b>YEAR</b> 1994 (B)	<b>PLANNED</b>	<b>ACTUAL</b>
<b>INDICATOR DESCRIPTION: Proportion of the population organized in NGOs, trade unions, political parties</b>	1996		15/32/8 N/A
	1997	27/30/13	24/27/9
	1998	30/35/20	19/22/9
	1999	38/40/25	19/18/8*
	2000		15/16/7
<b>COMMENTS:</b>			
*Decreased number of citizens organized in trade unions is mostly due to a bigger number of unemployed people in the sample (and in the population)			

<b>OBJECTIVE:SO 2.1: Increased, better informed citizens' participation in community, political, and economic decision making.</b>			
<b>APPROVED: 05/25/96 COUNTRY/ORGANIZATION: USAID/Slovakia</b>			
<b>RESULT NAME: IR 2.1.3: Expanded, more effective, and independent media</b>			
<b>INDICATOR: Degree of press freedom</b>			
<b>UNIT OF MEASURE: Degree</b> <b>SOURCE: Freedom House rating annual survey</b>	<b>YEAR</b> 1994 (B)	<b>PLANNED</b>	<b>ACTUAL</b>
<b>INDICATOR DESCRIPTION: Degree based on Freedom House rating.</b>	1996	Partly free	Partly free
	1997	Partly free	Partly free
	1998	Partly free	Free
	1999	Free	Free
<b>COMMENTS:</b>			

## **B. USAID/Slovakia; Strategic Objective 2.3: More effective, responsive and accountable local government; SO# 193-023-01.**

### **1. Mission Self-assessment**

On-track to meet expectations. Activities related to this strategic objective were substantially completed at the time last year's results review document was submitted. The strategic objective was not formally closed at that time, as it was anticipated that several of the key activities might be extended. However, in the end this did not happen, and only one small new activity, implementation of the Housing Allowance Income Support project, had significant implementation experience during this period.

### **2. Summary**

(SO 2.1 links to Agency objective 2.4, "More transparent and accountable government institutions," and to the MPP democracy strategic goal) Capacity building is the focus of Strategic Objective 2.3, working through local governments to foster decentralization of governmental authority and promote democratic pluralism. USAID's strategy is to support creation of local government capacity to deliver services and manage local resources more effectively and efficiently, and to involve citizens in the decision making process concerning the affairs of their communities. This Strategic Objective will be met through the achievement of three intermediate results: a) strengthened representation of local government interests; b) strengthened local government training institutions; and c) improved capability to deliver services and manage resources efficiently.

### **3. Key Results**

As noted above, most of the activities related to this strategic objective were completed at the time the last results review document was submitted. Of the three results indicators reported in last years R2, two are no longer appropriate measures due to termination of USAID supported activities. However, the third indicator, number of participant training days per calendar year by Slovak institutions and trainers, is still relevant as a measure of continuity of program activities post completion of USAID assistance. This indicator shows nearly 5,300 person days of training provided during the nine month period to program close out in June 1999, as opposed to a twelve month target of 15,000. In addition, an estimated 42,000 local officials attended the January 1999 "Good Day Local Government" ceremonies, which included review of training materials on municipal functions.

### **4. Performance and Prospects**

Four of the seven activities related to this SO were terminated by March 1999, and a fifth (ICMA) was completed by June 1999. ICMA's focus during its final months was to strengthen the indigenous training capacity of the various local government associations that it had supported under the program.

As proposed in last year's R2, USAID supported the implementation of the housing allowance income support activity, working with the Urban Institute and the Ministry of Labor and Social Affairs. USAID had previously supported the design of this allowance program, but had suspended the activity due to the prior administration's failure to support it. Implementation of this activity was requested by the new administration as a means to address its fiscal crisis and to address an important social need. This activity contributes to the intermediate result of "improved capability to deliver services and manage resources efficiently." The Urban Institute has developed a technical data base (to be used in calculating the income support), provided training to Ministry field offices in its implementation, and implemented a public awareness campaign concerning participation procedures.

## 5. Possible Adjustments to Plan

None anticipated.

## 6. Other Donor Programs

The Government of Slovakia is expected to implement a major decentralization program, which will empower both regional governmental organizations (new) and local governments to assume responsibility for many activities presently managed at the national level. It is expected that both the World Bank and the European Union will provide support to this activity.

## 7. Major contractors and grantees and termination schedule for activities under SO 2.3

Activity	1997	1998	1999	2000
<b>Housing Allowance Phase I</b>	9/97			
<b>Local government support (RTI)</b>			3/99	
<b>Environmental Health</b>			3/99	
<b>Housing Privatization</b>			3/99	
<b>Municipal Management (ICMA)</b>			6/99	
<b>Housing Allowance Phase II</b>				Starts 9/99 Ends 7/00

## 8. Results indicators

<b>Strategic Objective: SO 2.3: More Effective, Responsive and Accountable Local Government</b>			
<b>APPROVED: 05/25/1996 COUNTRY/ORGANIZATION: USAID/Slovakia</b>			
<b>RESULT NAME: IR 2.3.1: Improved Capability to Deliver Services and Manage Resources Efficiently</b>			
<b>INDICATOR: Number of new laws or programs which selectively deal with environmental health risks</b>			
<b>UNIT OF MEASURE: Target towns using new system/techniques for improving service delivery</b>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>SOURCE: Survey by Regional Centers for Housing Information and Education, and LSGAC survey of targeted towns</b>	1996	15 (B)	24
	1997	25	226
	1998	300	800
	1999	500	NA
<b>INDICATOR DESCRIPTION: Use of new systems or techniques</b>			
<b>COMMENTS: There are only 124 towns in Slovakia with populations of over 5,000 that account for over half of the country's total population. We have targeted these towns for our local government assistance, although other municipalities are eligible to participate in all activities. Through the 500 municipalities we project will be using new systems and techniques by close out of this SO, we expect to affect the quality of municipal services provided to the bulk of Slovak citizens.</b>			

<b>Strategic Objective 2.3: More Effective, Responsive and Accountable Local Government</b>				
APPROVED: 05/25/1996 COUNTRY/ORGANIZATION: USAID/Slovakia				
RESULT NAME: IR 2.3.2.1: Strengthened Local Government Training Institutions				
INDICATOR: Number of participant training days per calendar year by Slovak institutions and trainers				
UNIT OF MEASURE: Number of Funds in place		<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
SOURCE: Training center records		1996	500 (B)	1,289
		1997	7,000	9,838
		1998	15,000	6,080
		1999	15,000	5,294
INDICATOR DESCRIPTION:				
COMMENTS: Materials development and training of trainers for new training modules continued in 1998. 15,000 participant training days a year is capacity for the local government training institutes and partners who will be delivering these trainings.				

<b>Strategic Objective 2.3: More Effective, Responsive and Accountable Local Government</b>				
APPROVED: 05/25/1996 COUNTRY/ORGANIZATION: USAID/Slovakia				
RESULT NAME: Strengthened Representation of Local Government Interests				
INDICATOR: Number of Authority/Resource Issues on which lobbying activity is strengthened				
UNIT OF MEASURE: Number of issues for which municipal associations develop positions and lobby		<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
SOURCE: LSGAC through tracking of issues and work with municipal associations		1996	1 (B)	1
		1997	3	8
		1998	10	16
		1999	10	NA
INDICATOR DESCRIPTION:				
COMMENTS: 10 issues a year pertaining to local government as a body is a reasonable number to expect municipal associations to take positions on and lobby for.				

## **C. USAID/Slovakia; Strategic Objective- 4.1: Special Initiatives; SO# 193-041.01**

This section will record the status of a variety of residual activities that in the past would have been associated with the Mission's strategic plan, but at this point do not form a comprehensive program for achieving a central objective. The indicators for this SO are generally specific to individual activities, and relate to activity level impact or in some cases level of effort, rather than to higher level results. The indicator table included at the end of this section reports (as required) on the current status of indicators included in last year's R2, but in reality these indicators reveal little about the broad range of activities included in this section. An attempt will be made to quantify the impact of each special initiative in its individual description.

### **1. HIID – Environmental Policy and Health Components**

**A. Performance Analysis:** USAID/Slovakia funded two programs with HIID, one in environmental policy improvement and the other supporting environmental health activities. The first program worked with a consortium of local environmental NGOs to provide technical assistance for policy reform and institutional strengthening, conduct collaborative policy research, and support environmental education, training, and awareness. During 1999 this activity assisted with creation of a pollution permit trading system, and the use of economic factors in setting of fees and fines in air pollution. The second component focused on Slovakia's most important environmental health concerns - poor water quality and air pollution. The component also helped revise air protection legislation, developed a Greenhouse Gas Emission Action Plan, and sponsored an environmental health training program with the Ministry of Health. This activity also implemented a training program for occupational health professionals. The environmental and occupational health components have provided assistance to the GOS in adopting measures needed to achieve compliance with EU and OECD standards.

**B. Close out status:** These activities were completed by August 1999.

### **2. World Environmental Center Grant**

**A. Performance Analysis:** This activity focused on assisting Slovak private firms to adopt procedures that would reduce the level of pollution generated by waste by-products of their activities. Working on a demonstration project basis with firms generating the largest amount of pollution, the program successfully introduced pollution reducing technologies that also generated significant cost savings for the participating firms. The program has been institutionalized through the creation of the Pollution Prevention Center (PPC) of the Faculty of Mechanical Engineering of the Slovak Technical University.

**B. Close out status:** This activity was completed in March 1999.

### **3. Inter-agency Agreement with EPA**

**A. Performance Analysis:** The purpose of the U.S.-Slovak agreement was: 1) to enhance the capability and the capacity of Slovak scientists and other government employees (particularly at the Slovak Environmental Agency) to understand, use and apply concepts of risk assessment and

risk management through training and education, 2) to establish a risk information center, and 3) to develop case studies. During this period EPA concluded its training activities, completed assistance for the creation of the Risk Information Center at the Slovak Environmental Agency in Banska Bystrica, and completed the air quality monitoring case study in Zilina.

**B. Close out status:** This activity was completed in September 1999.

#### **4. IESC Private Enterprise Grant**

**A. Performance Analysis:** This activity was originally scheduled to terminate in late 1998, but was granted a no-cost extension to allow IESC time to create an indigenous organization that would be able to serve as a continuing link with IESC in the provision of lost cost technical assistance to Slovak private companies. The for-profit Partners for Business Growth was created and has been providing these services, with the same Slovak staff previously employed by IESC. However, the financial viability of the organization remains in question.

**B. Close out status:** This activity will be completed in September 2000.

#### **5. Large grants competition (University of Pittsburgh)**

**A. Performance Analysis:** Of the two University of Pittsburgh university strengthening programs with Comenius University, the assistance given to the faculty of mathematics and physics has been the most successful. Assistance has been provided in upgrading professional capabilities of the faculty, and a new research center and a new library have been established. Assistance to the MBA program has been less successful, partly because the MBA degree in Slovakia is not a legal university degree, although efforts are underway to make it so. However, the program itself has built very strong goodwill throughout the Slovak business community.

**B. Close out status:** This activity will be completed in April 2000.

#### **6. Water Quality & Investment (GEF/Danube)**

**A. Performance Analysis:** This regional activity supports demonstration activities designed to reduce pollution of the Danube river.

**B. Close out status:** This is a regionally funded activity is currently scheduled to end in September 2000.

#### **7. International Student Exchange Program (Georgetown University)**

**A. Performance Analysis:** The last group of students began training in January 1999, under this USAID Washington-managed program, and there were ten long-term trainees at Georgetown during that year. All trainees returned to the United States by July 1999, at which time this activity was officially concluded.

**B. Close out status:** This activity was closed in July 1999.

## **8. Energy Sector Industry Contracts/Utility Grants (UPP)**

**A. Performance Analysis:** This activity focuses on: 1) identifying cost-effective mechanisms that will allow condominium associations to reduce and control their energy costs; 2) developing policy options to promote energy efficiency in condominiums that can minimize the impacts of eliminating subsidies for district heating; and 3) evaluating macroeconomic impacts on the housing sector of these policy options, using a computer model developed by the Urban Institute. Last year's R2 reported on a successful demonstration project in one condominium in Bratislava, in which new energy efficient measures were working to everyone's satisfaction and indications were that problems with overheating were eliminated and that significant energy was being saved. Temperature monitoring indicated indoor temperatures averaged 22 C in contrast to 29 C the previous year. During the final months of this program, the responsible firm documented the results of the demonstration activity, and advised the GOS on residential energy policies.

**B. Close out status:** This activity ended in June 1999.

## **9. Inter-Agency Agreement with the US Nuclear Regulatory Commission**

**A. Performance status:** The purposes of this program was to 1) assist Slovakia in an international code assessment effort, 2) to help develop and test a severe accident and risk management program, and 3) to provide training on a range of nuclear regulatory and safety issues. During FY 99, the US Nuclear Regulatory Commission continued to support the Slovak Regulatory Authority and its institutions to strengthen their legal and regulatory capabilities. This included assistance to renew its annual participation in the Code Assessment and Maintenance Program (CAMP) and the related user group. NRC also worked with appropriate Slovak professionals on various issues concerning the effective utilization of the computer codes. Assistance was also provided in nuclear safety training and in inspection of nuclear facilities.

**B. Close out status:** This activity was completed in September 1999.

## **10. Partnerships in Health Care (AIHA)**

**A. Performance Analysis:** The main objective of the Kosice/Providence hospital partnership was to improve maternal and child health in eastern Slovakia, through improvements in the clinical practice of perinatal, neonatal, pediatric and gynecological medicine. The activities resulted in improved infrastructure for clinical care, upgrading of nursing practice, and establishment of clinical protocols to control infection and manage pharmacology. The perinatal mortality rate in Kosice fell from 6.9/1000 in 1995 to 4.1/1000 in 1997. This is impressive, but the actual impact was even greater, as referral hospitals in Eastern Slovakia began sending their sickest children to Kosice due to the improved care. The mortality rate in one referral hospital dropped from 15.1/1000 to zero, and in another from 8.4/1000 to 1.3/1000. Improved management of high-risk pregnancies resulted in a reduction of the perinatal mortality rate for these patients from 19.1% to 5.15%, and the neonatal rate from 24.2% to 7.2%. Clearly, many lives were saved due to the improved procedures. In addition, the cost of antibiotics used in the

hospital dropped significantly, due to adoption of improved infection control techniques, and rational antibiotic use. Finally, improvements in nursing care and attention to patients, including allowing mothers to room in with sick children and provision of clear explanations of the conditions of patients and of the treatment undertaken, greatly improved the communication between patients and care givers.

**B. Close out status:** This activity was completed in November 1999.

### **11. Local Health Reform (AIHA)**

**A. Performance Analysis:** The Banska Bystrica and Martin/Cleveland community health initiative partnership links the communities of Banska Bystrica and Martin, Slovakia with the MetroHealth System in Cleveland. This partnership has focused on implementation of municipal anti-smoking laws, and resulted in the creation of the Center for Smoking Cessation in the town of Martin. Slovak medical students participate in the project, which has resulted in a reevaluation of medical school curricula that gave inadequate attention to the issue of smoking as a medical problem. The center is now playing an important role in developing national policies to curb smoking.

**B. Close out status:** This activity was completed in November 1999.

### **12. Health Management Education Project (AIHA)**

**A. Performance Analysis:** The Slovakia/Scranton health management education (HME) partnership consists of a consortium of educational institutions in Slovakia - the Trnava University School of Nursing and Social Care in Trnava, the Faculty of Economics at the University of Matej Bel in Banska Bystrica, and the Health Management School in Bratislava - and the University of Scranton in Scranton, PA. The partnership has focused on curriculum change and improving academic and continuing education in health management. As a result of the program, health management is now considered a legitimate profession, and health management education is a recognized academic discipline. Additional support is now being provided by EU Phare.

**B. Close out status:** This activity ended in November 1999.

### **13. Partners for Democratic Change**

**A. Performance Analysis:** During this period, the mediation project, implemented by Partners for Democratic Change/Slovakia (PDCS), has successfully created a for-profit mediation center, which has demonstrated the commercial viability of mediation services in Slovakia. Working primarily with large companies, the center has generated a profit which the sponsoring non-profit foundation uses to subsidize its training programs.

**B. Close out status:** This activity was completed in December 1999.

#### **14. Anti-corruption surveys**

**A. Performance Analysis:** This was a limited activity supporting the GOS plans to address chronic issues of corruption and cronyism, and to provide background information for the design of a new World Bank program to support public sector reform. At the request of the GOS, USAID contracted the preparation of three surveys of the incidence and impact of corruption. Separate surveys gathered information from households, enterprises, and public officials. The published reports on each survey have been invaluable in efforts to develop a national anti-corruption strategy.

**B. Close out status:** This activity was completed in December 1999.

#### **15. Integra Foundation**

**A. Performance Analysis:** This is a small, new activity designed to assess the impact of corruption on Slovak small and medium enterprises, and to develop a tool kit of best practices that can help these enterprises develop and implement business ethics and anti-corruption strategies. The implementing organization, Integra Foundation, has worked extensively with small and medium enterprises in Slovakia. USAID resources under this activity have been used to carry out a survey of corrupt practices, and to fund the design and testing of the toolkit.

**B. Close out status:** This activity will be completed in May 2000.

#### **16. Agricultural advisor**

**A. Performance Analysis:** As described in last year's R2, the remaining funds available under an inter-agency agreement with the US Department of Agriculture, funded under prior SO 1.3, were used to continue the activity of the Slovak agricultural advisor, employed under a personal services contract with the USDA, as an Assistant Agricultural Attaché.

**B. Close out status:** This activity will terminate in March 2000.

#### **17. Czech and Slovak American Enterprise Fund (SAEF)**

**A. Performance Analysis:** The Czech and Slovak American Enterprise Fund, operating at this point solely in the Slovak Republic, will be a post-presence activity. As noted earlier, while the macro-economic environment in Slovakia is improving, at the firm level conditions remain extremely difficult. In addition, as the SAEF notes in its 1999 annual report, "Slovakia does not enjoy a history that clearly demonstrates that investing in the country can be successful." The SAEF in 1999 carried out an in-depth evaluation of its portfolio, and as a result increased its reserve for potential lost investments by over \$1 million (these reserves, totaling \$2.7 million as of September 30, 1999, equaled 50% of the total investments, which were valued at the lower of cost or current appraised value). This extraordinary charge was greater than total revenue (half

of which was derived from interest on bank deposits). For the year, SAEF incurred an operating loss of \$1.7 million, equaled to 13% of the Fund's capital.

**B. Close out status:** This activity, which is managed from AID/Washington, will continue post Mission closure.

## **18. Transparency International Slovakia (TIS)**

**A. Performance Analysis:** This is a new activity, but was previously mentioned under Strategic Objective 2.1 above. TIS' role is to implement an anti-corruption public awareness campaign, and to participate in oversight activities, such as monitoring the awarding of public contracts. TIS has also been working closely with the GOS to design the anti-corruption strategy, which was published in draft form for comment on February 27, 2000. The GOS plans to allow one month for comments and suggestions before drafting a final version of the strategy, and proceeding with implementation of an action plan.

**B. Close out status:** At the request of the GOS, USAID/Slovakia proposes to continue this activity until July 2001, as a post presence activity (see Annex C).

## **19. Department of Treasury technical assistance**

**A. Performance Analysis:** As was discussed in last year's R2, the GOS requested specialized US Treasury technical assistance with public debt management, as part of the Government's efforts to address serious fiscal deficits inherited from the prior government. The Minister of Finance has now requested continuation of this assistance for one additional year, and the addition of short-term assistance related to budget formulation and execution.

**B. Close out status:** The SEED Coordinator has agreed in principle to extend the assistance of the current Department of Treasury advisor assisting with debt management for six months, i.e. until October 2000, and the Department of Treasury has agreed. Annex C, Unfinished Business, formalizes this proposal and provides further analysis of these requirements. This assistance will be provided under a 632(a) budget transfer of SEED resources to the Department of Treasury, and will not be an additional USAID management responsibility.

## **20. Bank privatization**

**A. Performance Analysis:** This activity was undertaken in 1999 at the request of the GOS. The focus of the activity is on helping the GOS to privatize large banking institutions. Three of Slovakia's largest banks are state-owned, and USAID funded advisors from Barents are assisting with bank restructuring and privatization, asset disposition, and associated concern for bankruptcy reform (required to facilitate bad loan disposal). They are working directly with the newly created Slovak asset management organization, which will take over the problem loan portfolios from these banks and manage their disposition. Once the problem loans have been isolated, the GOS will proceed with privatization of the banks, which will assist the GOS to come to terms with its fiscal crisis, and create a more competitive financial intermediation system.

**B. Close out status:** This activity was programmed to end in June 2000, but the GOS has requested that it be extended, as is discussed in Annex C, Unfinished Business.

#### **D. SO 4.2 Cross-Cutting Programs**

##### **1. Technical Training for Societies in Transition (TRANSIT)**

**A. Performance Analysis:** TRANSIT provides mid- to senior-level professionals in the public sector with short-term, job-specific training in the United States and third countries. This program has responded to the new GOS' priorities to manage the fiscal crisis, address crime and corruption, and support integration into Western economic and political institutions. As examples of the program's activities, GOS officials have been sponsored to attend a USAID sponsored regional Partners in Transition conference in Warsaw, a public administration reform study tour to the United States (for the GOS council for public administration reform), the world-wide conference on corruption held in Durban, South Africa, and specialized training activities in the United States for Ministry of Finance and Ministry of Justice officials. In addition, two study tours were sponsored, "Transparency in Parliamentary Operations," and "Implementation of FOIA."

**B. Close out status:** This activity will end in June 2000.

**Summary of Key Indicators for SO 4.1 and SO 4.2  
Special Initiatives and Cross Cutting Programs**

<b>INDICATOR</b>	<b>BASELINE</b>	<b>TARGET</b>	<b>ACTUAL</b>	<b>ACCEPTABLE</b>
Number of participants trained in support of SOs (cumulative number: TRANSIT+G'town)	1995: 61	1996: 133 1997: 188 1998: 233	1996: 138 1997: 188 1998: 247 1999: 284	1999: 230
Local health institutions using enhanced skills (%)	1996: 20	1996: 0 1997: 50 1998: 100 1999: 100	1996: 15 1997: 50 1998: 100 1999: NA	1999: 90
Hospital occupancy rate	1993: 73.3	1996: 79.9 1997: 83.2 1998: 86.5 1999: 89.8	1996: 82.6 1997: 83.0 1998: 85.0 1999: NA	1999: 89.0
Neonatal mortality (per 1000 newborns)	1994: 11.2	1996: 11 1997: 10.4 1998: 10.4 1999: 10.1	1996: 9.4 1997: 9.3 1998: 8.7 1999: 7.2	1999: 9.3
Mediation accreditation program established (Yes/No)	1998: No	1998: No 1999: Yes	1998: No 1999: Yes	

## **Annex A: Environmental Impact**

Not required. No new activities to be undertaken.

## **Annex B: Updated results framework outline**

SO 2.1: Increased, better informed citizen's participation in community political and economic decision-making

IR 2.1.1 Increased acceptance of democratic (civic) values

IR 2.1.2 Increased ability to participate

IR 2.1.3 Expanded, more effective and independent media

SO 2.3 More effective, responsible and accountable local government

IR 2.3.1 Strengthened representation of local government interests

IR 2.3.2 Strengthened local government training institutions

IR 2.3.3 Improved capability to deliver services and manage resources efficiently

SO 4.1 Special initiatives

SO 4.2 Cross-cutting programs

## Annex C – Unfinished Business

USAID will close its bilateral Mission in Slovakia on September 30, 2000. However, USAID and State Department officials in Washington and Bratislava recognize that “Slovakia merits special attention after AID leaves...” (ref State 34586). In his March 8 testimony to the House International Affairs Committee, SEED Coordinator Ambassador Larry Napper noted that “...we know that Slovakia needs our support, and we intend to maintain robust regional programs to consolidate reform in that country.”

The purpose of this annex is to analyze the “unfinished business” for SEED assistance after closure of the USAID/Slovakia Mission. This annex will briefly summarize the development context that is expected to exist in Slovakia when the USAID Mission closes, discuss the criteria to be applied in setting priorities for USG involvement, identify the specific activities proposed for USAID support, and outline management systems to be used in assuring their integrity. We are not proposing a continued program in the absence of a USAID Mission, only the selected activities that can be effectively implemented in the absence of USAID personnel on the ground.

In July 1998, the USAID Europe and Eurasia Bureau adopted a formal Bureau Operating Procedure (BOP 312) which provides guidance for consideration of USAID activities in post-presence E&E countries. This document specifies the following questions that must be addressed in justifying post-presence activities:

- Relevance: What is the problem to be addressed and how will it impede USAID’s transition objectives?
- Results: What measurable results will be achieved by the activity, including interim annual results (for multi-year activities) and final results? What will constitute success?
- Accountability: What operational unit(s) will provide financial and programmatic oversight of the activity?
- Endpoint: What is the expected time frame for achieving planned results and concluding the assistance activities?
- Funding Gap: Can a development partner address the problem, rather than USAID? Other options could include USG funds outside of USAID, other bilateral donors, multilateral donors, private sector donors, the host country or private business?
- Sustainability: How will the result be maintained after USAID support ends?
- Priority: Why should the proposed activity in a non-presence country receive priority over use of resources in countries with fully operational USAID Missions?

## **Conditions in Slovakia at time of closure**

The transition to democracy and a market economy has been less predictable in Slovakia than in other “northern-tier” Central and Eastern European countries, and when the USAID/Slovakia Mission closes in September 2000, consistent, concerted reform efforts will have been underway for less than two years. In fact, at the time that the decision on Mission closure was made, Slovakia was considered a development failure rather than a candidate for graduation. The reform government installed in late 1998 has changed this perspective, although the reforms at this point remain in the early stages. Because of this, conditions are still fragile and require careful monitoring.

The most difficult issues relate to the economy. Due to the failure of prior governments to undertake timely structural reforms, and due to corrupt practices that bled the national treasury, weakened the tax base, and undermined the financial system, Prime Minister Dzurinda’s administration inherited a desperate fiscal situation. By adopting an austerity budget and eventually taking measures to reduce transport and utility subsidies, the new government was able to stabilize the macro-economy and avert a financial crisis. It has also begun undertaking long-delayed measures to privatize, wholly or in part, remaining “strategic” state-owned enterprises, including energy, telecommunications, utility companies, and state banks.

The range of reforms being undertaken by the Dzurinda government are impressive. In addition to the economic measures noted above, the government is undertaking a comprehensive anti-corruption program, taking steps to let all government activity be more open to public scrutiny. It also plans to implement a major decentralization program that will create regional elected leadership within the country, and pass responsibility (and resources) for provision of many services to the regional and local level (this initiative was designed by a special commission upon completion of a USAID sponsored study tour during which the commission members developed a strategy for decentralization). Accompanying decentralization, the government plans substantial public administration reform and downsizing of the national government. Finally, the government is creating opportunities for civic participation, working to address past mistreatment of minorities, and improving relations with neighboring countries.

These measures have been popular with the international community, paving the way for negotiations for Slovakia’s eventual accession to the OECD and the EU. But the economic measures are unpopular internally, as they have been accompanied by economic stagnation and rising unemployment. A recent USAID sponsored survey (FOCUS, January 2000) showed that the portion of the population expressing trust in the Dzurinda government declined from 48% in 1999 to 30% in 2000, and the portion trusting parliament declined from 45% to 28%. Sixty percent of respondents indicated that life was better under the pre-1989 communist regime than it is today, and the portion of the population voicing this sentiment has steadily increased for the past four years. Finally, the survey showed that only 52% of Slovaks demonstrate a preference for democratic principles, and this percentage has steadily declined for the past four years. The inability of the government to deliver quick improvements in the economy, as well as obvious deterioration in the pension, health care and other key social service systems, is primarily to blame for its declining popularity.

The ruling coalition is composed of an array of political parties, and sub-coalitions of parties, that joined together in 1998 with the sole purpose of overcoming anti-opposition provisions of the election laws so that they could defeat the prior government. However, they lack ideological cohesion, and the difficult decisions required to deal with the economic conditions have created profound tensions between them. The opposition party led by former Prime Minister Meciar, which was responsible for the economic chaos inherited by the Dzurinda government, is the most popular single party in Slovakia, and its support increased from 24% in 1999 to 30% in 2000.

At this point there is still adequate support in Parliament to keep the Dzurinda government in power, and few expect the governing coalition to fall before the scheduled 2002 election. However, it is very important that the rising discontent be dealt with, and international donors can facilitate this by providing timely, visible support for the reforms. Donor support is also needed to assure the transparency and technical competence of the reform program, in order to increase public support. The European Union, the World Bank, and other international financial institutions are increasing their support for the reform program in Slovakia, and these programs will support activities that have in the past been assisted by USAID.

### **Priorities for USAID program support post-Mission closure**

The US Government's commitment to support transition to democracy and free markets in Central and Eastern Europe has always been time-limited, with the belief that countries in this region, particularly those in the northern-tier, possess sufficient trained professionals to achieve reform without a long-term US assistance program. The timing for closure of the USAID Mission, given the difficult status of economic and political transitions described above, is awkward. The closeout decision was reached in 1997, at a time when the program context differed significantly from today, and this decision has been reconfirmed each year in the management contract emanating from the annual Results Review. While it is acknowledged that the situation has changed since 1997, and also that unfinished business remains, there is no support in USAID or State Department for continuation of the USAID Mission presence. Today's budget realities focus limited resources on security and development issues in Southeast Europe. Also, the USAID close out process is in an advanced state, involving termination of strategic objectives and associated core activities and the elimination of on-the-ground expert resources. Finally, significant support has now been committed by other international donors in the areas where the USAID program has been focused.

The USAID Bureau for Europe and Eurasia guidance for consideration of USAID activities in post-presence countries (BOP 312) states that "The ENI Bureau regards close-out of USAID presence as the endpoint of USAID assistance within a country. Post-presence activities will be undertaken only when justified in detail and only under exceptional, well documented conditions." Without a USAID Mission to provide on-site program management and monitoring, only a limited number of objectives can be achieved, and thus only selected activities that respond to high priority GOS needs can be supported post Mission closure. The following criteria are proposed for use in selecting activities to be supported by the USG with SEED resources. First, all activities to be assisted must be justified in accordance with the criteria represented by the questions raised in Bureau Operating Procedure 312, as noted at the

start of this Annex. In addition, it is proposed that all three of the following criteria should also be met:

1. The activity is a high priority of the Government of Slovakia in implementing its reform program; and,
2. The activity can be implemented through an existing USAID E&E regional program or through a 632(a) transfer to another USG agency; and,
3. The activity is considered technically sound and the policy environment is favorable for success.

Secondly, it is proposed that all assisted activities should meet at least one of the following three criteria, with priority given first to activities that meet the first criteria, then the second, then the third:

1. The activity completes an on-going, USAID-assisted effort (or that of another USG agency in the case of a 632(a) transfer) that must be continued in order to achieve critical objectives; or,
2. The activity will serve as a bridge to, or facilitate startup of, a significant other-donor assistance program; or,
3. The activity is a follow-on to a prior major USAID investment and/or is in an area where the United States has unique experience and competence.

### **Specific activities proposed for USAID support**

An exchange of cables (Bratislava 485 and State 34586) between the US Embassy in Slovakia and the SEED Coordinator have outlined an initial set of five activities to be considered for post-presence SEED assistance. This section will begin by analyzing these activities, responding to the questions raised in E&E Bureau Operating Procedure 312 (as outlined at the start of this annex), as well as applying the additional criteria cited above. After reviewing the activities that were the subject of these cables, several other potential activities will be discussed. The total funding required for the proposed activities is \$1,620,000, all of which would need to be provided in FY2000.

#### **1. Technical assistance from the US Treasury on public debt**

The Minister of Finance has specifically requested that the US extend the services of a contract resident technical advisor from the US Treasury, who is assisting the Ministry to improve public debt management, as well as short-term assistance with preparation of a new public debt law and advising on bank recapitalization as a part of restructuring and privatization. The SEED Coordinator has agreed to discuss with Treasury a six-month extension of these services, and USAID E&E/PER/EP has estimated that the cost of this extension would be approximately \$230,000. Some short-term services from Treasury may be required beyond this six-month period, as certain key events, such as issuance of bonds to recapitalize the banks may not occur until early in 2001, and the budget estimate has therefore been increased to \$275,000. This activity supports the MPP strategic goal of economic growth.

Assistance in this area is justified under BOP 312 and meets all of the key criteria for continued post-presence support established above. The GOS must quickly improve its debt management as part of an effort to reduce its fiscal deficit and restore macro-economic stability and growth. The specific results to be achieved are approval of new debt management legislation, and restructuring the GOS public debt so as to reduce costs. The accountability for this program will continue to rest with the US Treasury under a 632(a) budget transfer, although USAID E&E/PER/EP and the US Embassy Slovakia Economics Section will be asked to monitor implementation of the activity. The planned results related to debt law passage and debt restructuring should be achieved by October 2000, and the issuance of debt related to bank recapitalization by early 2001. No other donor can provide this assistance at this time, although the European Commission plans assistance in this area as part of a large scale public treasury restructuring program that will commence late in CY 2000. The activity will be sustainable if the GOS passes the proposed new debt management law. Finally, this activity should be given priority in order to assist the GOS to implement its reform program as quickly as possible.

The activity is of high priority to the GOS reforms, as is demonstrated by the Minister's request. The activity can be implemented via a 632(a) transfer to Treasury. The activity is technically sound although there is some question about the policy commitment by the Ministry of Finance.

## 2. Technical assistance from the US Treasury with budget formulation and execution

The Minister of Finance has requested US Treasury assistance in the area of budget formulation and execution control and monitoring. The Minister requested short-term assistance, and USAID E&E/PER/EP estimates that this could be provided at little or no additional cost by a resident Treasury advisor located in Budapest.

An assessment of the nature and need for assistance in this area is required before a final decision is reached on whether to proceed, as it is difficult to determine at this time if this activity would meet the criteria for approval. Budget formulation and control procedures are an element of the European Union's formal accession criteria, and procedures must meet EU standards. The European Commission plans to begin a major assistance program in late CY2000 that will in effect create a new Slovak public treasury. Further analysis is needed to determine what specific results would be achieved by US Treasury assistance between now and the time when the EU's initiative begins, and to assure that the assistance provided by the US would contribute to, and not conflict with, Slovakia's ability to meet the EU standards. If any required assistance can in fact be provided by an existing Treasury advisor through short-term visits from Budapest, then this activity could proceed without the need for formal approval as a post-presence activity.

## 3. Technical assistance in bank restructuring and privatization

The Minister of Finance has requested continuation of technical assistance with privatization of state-owned banks, through support for the soon-to-be-created Slovak Consolidation Agency (SKA) and the development and tender of the first few loan pools. According to the World Bank, initial assistance may be needed in designing contracts and supervision of the contracting process to obtain local legal assistance with liquidation of bankrupt firms that form a substantial

part of the state bank bad debt pool. This would be followed by tender of loan pools from subsequent loan transfers to the Consolidation Agency. USAID is currently funding provision of technical assistance in this area through a contract with Barents. USAID E&E/PER/EP estimates that this activity could be continued through December 2000 at a cost of \$500,000, after which a new European Union funded contractor could provide any required additional assistance. This activity supports the MPP strategic goal of economic growth.

Assistance in this area is justified under BOP 312 and meets all of the key criteria for continued post-presence support established above. This activity is highly relevant to the transition objectives because the state-owned banks are considered the single greatest impediment to reactivation of the Slovak economy, both because their existence undercuts the development of effective private sector financial intermediation, and because the economic assets owned by the failed companies in hock with these banks cannot be put to productive use. The size of this problem is enormous, since the bank losses are estimated at 20% of GDP (versus 3% for the US savings and loan problem). Very specific results will be achieved by putting in place the disposal procedures for the bad loans turned over to the Slovak Consolidation Agency by the state banks. Accountability requirements will be met through continued support from EE/MT, with support from the US Embassy. The end point for this assistance will be December 31, 2000, at which point European Union funded technical assistance will be available. At this point, no other international donor is in position to provide this assistance. The activity will be sustainable, since the critical stage in the bad loan work out process is the implementation of the initial contract for firm liquidations and loan pool tendering, after which little additional technical support will be required. The priority for this activity is very high, since as noted above resolution of this problem is critical to create accelerated growth prospects for the Slovak economy.

The Minister of Finance has given this assistance very high priority, and it can be implemented using resources either from the regional Partners for Financial Stability or the Performance Fund. The activity is technically sound and responds to an important policy initiative of the Slovak government. However, this activity should only be continued if in fact the GOS demonstrates its commitment to implement fully the measures needed to privatize the state banks and dispose of their bad debt portfolios in a transparent manner that expeditiously furthers the critical goal of economic restructuring. Some policy slippage in the latter goal has occurred already and we should have clear agreement of how the Agency will dispose of the bad loan assets before proceeding. Finally, this activity is a continuation of an on-going USAID assisted effort that needs to be continued in order to achieve critical objectives, and is also a key bridging activity to both EU and World Bank assistance programs.

#### 4. Technical assistance for GOS efforts in anti-corruption and commercial law reform

The GOS has requested continuation of USAID assistance from ABA/CEELI advisors in the implementation of the Government's anti-corruption strategy and related commercial law reforms. ABA/CEELI advisors are working directly with the inter-ministerial steering committee on anti-corruption, and further assistance is needed in preparing required implementation action plans, as well as drafting legislation, regulations and procedures, and designing and helping to implement training programs for government agencies affected by the

legislation. Assistance is also needed to design and implement structural reforms to the prosecutorial and judicial system in order to enhance its ability to respond effectively to anti-corruption measures. In the area of commercial law reform, assistance is needed to improve bankruptcy laws, collateral laws, corporate governance laws, and bank privatization and debt resolution mechanisms, and to train judges in the provisions these laws.

Currently, ABA/CEELI assistance is provided through two mechanisms, a USAID/Slovakia cooperative agreement and a 632(a) budget transfer to the US Department of Justice, which has an existing agreement for services with ABA/CEELI. The cooperative agreement expires in July 2000, and the funding through DOJ expires in September 2000. To carry out the assistance described above, long and short-term advisors would be required until June 2001. This assistance is estimated to cost \$500,000. This activity supports both the MPP strategic goal of economic growth and democracy.

Assistance in this area is justified under BOP 312 and meets all of the key criteria for continued post-presence support established above. Implementation of the anti-corruption campaign is one of the highest priorities of the GOS, and this activity also provides complementary support for the state bank privatization initiative described previously. Very specific concrete results to be achieved during the one year extension of ABA/CEELI assistance have been identified and are summarized above. Monitoring of the ABA/CEELI activity can be provided by E&E/DG staff, with support from the US Embassy. No other donor is in position to provide this assistance at this time, although the World Bank will shortly sign a \$500,000 grant agreement with the Ministry of Justice, using Institutional Development Fund resources, which will support implementation of bankruptcy legislation. Given the size of the task to be completed, there is a need for both programs, but effort will be needed to assure close coordination and avoid duplication of effort. The anti-corruption program will be sustainable once the required legislation has been approved, and required training has been provided in its application. Finally, this activity is also considered of very high priority, due to the reasons cited above.

The Government of Slovakia has specifically requested this assistance, and it can be implemented either through a continued 632(a) transfer, or through a buy-in to the regional Leader Associate Program with ABA/CEELI. The activity is technically sound, although it will be important to monitor closely GOS approval of proposed legislation to assure that the political will to implement these reforms remains in effect. Finally, this activity should be given priority as a continuation of existing assistance that is required in order to achieve key objectives.

##### 5. Anti-corruption public awareness campaign

Transparency International Slovakia (TIS), under a bilateral assistance grant with USAID/Slovakia, is currently implementing a public awareness campaign designed to increase public support for the GOS' anti-corruption initiative. In addition to the public awareness campaign, TIS took the lead role in the actual design of the GOS' national program of action for anti-corruption. The USAID grant to TIS will expire in July 2000, just as implementation of the anti-corruption strategy gets underway. A one year extension of assistance to TIS would allow expansion of the public awareness campaign, including a new focus on anti-corruption measures at the local government level, in connection with implementation of the planned GOS

decentralization strategy. TIS also would focus on incorporating ethics training as a part of university curriculum, with subsequent expansion of the initiative to secondary and then primary schools. Finally, the present anti-corruption program focuses on the executive branch, and TIS plans to extend this effort to the legislative branch. TIS would also play an important watch dog role in monitoring implementation of the bank debt resolution program. A one year extension is estimated to cost \$120,000 (this amount assumes that \$75,000 are required for TIS activities, and that an overhead charge will be incurred in making the resources available through an IQC or similar mechanism). It could be implemented as a grant managed under an existing IQC contractor, or via a Global Bureau grant to Transparency International's central world-wide organization in Germany (which could then sub-grant the resources to TIS). This activity supports both the MPP strategic goal of economic growth and democracy.

Assistance in this area is justified under BOP 312 and meets all of the key criteria for continued post-presence support established above. Addressing corruption issues in Slovakia is a key initiative of the Dzurinda government and is key to USAID transition objectives. The general terms of reference for the grant extension are described above, although more specific results would need to be spelled out in the actual grant. Program accountability monitoring for this activity could be assumed by USAID Global Bureau staff, with the support from the US Embassy. Although TIS has received support from the Soros Foundation and may receive support from the World Bank in the future (for work in the judicial sector), no other support for the activities described above is available at this time. This activity is a very high priority to provide for the implementation of the GOS national program of action for anti-corruption.

As noted above, this activity could be implemented via one of two existing USAID program agreements. It might also be possible to extend the existing grant prior to closure of the USAID/Slovakia Mission, and then reassign program monitoring responsibility to G/DG or EE/DG. This activity would represent a continuation of an on-going USAID assisted effort to achieve critical objectives.

#### 6. Continuation of already approved USAID/Slovakia supported activities

Prior year USAID R2s have proposed that two bilateral activities (SAEF and IGMO) be continued post closure of the USAID/Slovakia Mission, as well as Slovakia's participation in three regional activities (Freedom House, Ecolinks, and Partners for Financial Sustainability). A further justification for continuation of these activities is not required at this time, so they will simply be listed in the table at the end of this annex, with an indication of the implementation agreement, and the office that will assume responsibility for monitoring implementation of the activity.

#### 7. Other potential areas requiring support

There are other potential areas where support could be considered post-closure of the USAID Mission. However, at this time either it has been determined that such assistance is not justified,

or additional information is needed before such a determination can be made. The following are the activity areas that were considered:

*Local governance training support:* From 1995 through 1999, USAID was the principal donor supporting improvement of local governments in Slovakia, through grants to the Research Triangle Institute (RTI) and the International City-County Management Association (ICMA). Activities under these grants provided thousands of person days of training to local officials throughout Slovakia, and supported policy advocacy activities that have been a primary factor in encouraging the GOS to complete the design of its important decentralization program. The decentralization program will be supported by the World Bank, but the IBRD's resources are expected to focus mainly at the reforms required by national level institutions. No donor has been identified that will support GOS efforts to upgrade regional and local skills further in order to assure that newly decentralized service responsibility will be efficiently implemented.

Upon termination of the RTI and ICMA programs, a "legacy" NGO, the Local Government Development Center (LGDC), assumed responsibility for continuation of the local government training support, along with several other Slovak NGOs. However, although resources have been available to support some specific training activities, the quantity of training has greatly decreased, and the sustainability of the NGO is in question.

USAID/Slovakia has requested assistance from a local government development specialist from the E&E Bureau to carry out an evaluation of the RTI/ICMA grants, but this evaluation has yet to be carried out. Until it is, it is not possible to determine what support, if any, USAID should consider in this area post Mission closure and what the scope of such assistance might be.

*Other activities considered:* USAID/Slovakia considered a number of other on-going program activities, such as IESC, ORAVA, IRI, AFILS, ACDI/VOCA, ICNL, and the Integra Foundation, but none of these programs were judged to merit extension, either because they are not directly related to current GOS priorities, they are judged to have substantially met the defined objectives, or they are not achieving results that merit further extension.

*Monitoring of democracy program impact:* Since 1994, USAID/Slovakia has funded an annual survey of citizens' participation in Slovakia, which has produced invaluable information on program impact. USAID/Slovakia proposes that this activity be funded again in 2001 in order to provide current information on progress in the democracy and governance area to USG officials. The cost of this survey would be \$25,000. USAID/Slovakia recommends that responsibility for this activity be assigned to E&E/DG, with support from a USAID FSN that will work within the US Embassy in Bratislava for one year after USAID closure (see management section below).

## **Management systems to assure program integrity**

Each of the activities described above will be carried out through an existing implementation instrument, each of which has already defined systems to assure that resources are properly utilized, and that results are reported and monitored. However, as the program management responsibility will normally be assigned to officers based in Washington, they will lack the ability to monitor directly program implementation activities in Slovakia, or to meet regularly with GOS officials to review program performance and adjust the program focus to meet changing needs. The Washington-based officials will also have a number of other program implementation responsibilities, which will impede them from making timely visits to Slovakia as conditions may require. The US Embassy staff will also monitor aspects of the program, and can periodically review program implementation with GOS officials, but these individuals also have a number of other responsibilities and are not familiar with USAID program requirements and procedures.

For these reasons, USAID/Slovakia proposes that one USAID foreign service national personal service contractor be continued through FY2001, to be funded with program resources available in the FY2000 USAID/Slovakia budget. The FSN officer would formally report to the director of the USAID EE/ECA office in Washington, but would also be under the general policy guidance of the US Embassy Economics/Commercial officer. He/she would occupy office space in the US Embassy Bratislava, and both administrative support and administrative support costs would be provided by the Embassy.

In summary, the following chart presents the initiatives to be carried out post-closure of the USAID/Slovakia Mission:

Activities Recommended for Support Post Closure of USAID/Slovakia Mission

Activity	Time Period	Office Responsible	Implementation Mechanism	Funding Required FY2000(\$)
<b>Proposed activities</b>				
US Treasury debt management technical assistance (TA)	4/00 – 3/00	EE/PER/EP	632(a)	275,000
Bank restructuring and privatization TA (potentially funded through Partners for Financial Sustainability)	5/00 – 12/00	EE/PER/EP	EE Bureau contract with Barents	500,000
Anti-corruption and commercial law reform TA	7/00 – 6/01	E&E/DG	EE Bureau contract with ABA/CEELI or 632(a) transfer to DOJ	500,000
Anti-corruption public awareness campaign	7/00 – 6/01	G/DG or EE/DG	G Bureau coop agreement with TI, or G Bureau IQC	120,000
Democracy Commission small grants	10/00 – 9/01	Embassy PAO	632(a)	200,000
FOCUS survey of citizen participation	1/01	TBD	TBD	25,000
Sub-total proposed activities				1,620,000
<b>Previously approved activities</b>				
<i>Bi-lateral activities</i>				
Indigenous Grant Management Activity	7/99 – 6/02	EE/DGSR/CS	Bilateral cooperative agreement	Fully funded
Slovak American Enterprise Fund		EE/MT/IC	Grant	Fully funded
<i>Regional activities</i>				
Freedom House	10/00 – 9/01	USAID/ Budapest	EE regional contract	NA
Ecolinks	10/00 – 9/02	USAID/ Budapest	EE regional cooperative agreement	NA
Partners for Financial Sustainability	To 2008	EE/MT	Regional program	NA
Sub-total previously approved activities				0
Total all activities				1,620,000

USAID SLOVAKIA													
Workforce Projections													
					Total	Org.	Fin.	Admin.	Con-		All	Total	Total
<b>FY 2001 Estimate</b>	SO 1.6	SO 2.1	SO 2.3	4.1 4.2	SO/SpO	Mgmt	Mgmt	Mgmt	tract	Legal	Other	Mgmt.	Staff
<b>OE Funded: 1/</b>													
U.S. Direct Hire					0							0	0
Other U.S. Citizens					0							0	0
FSN/TCN Direct Hire					0							0	0
Other FSN/TCN					0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Program Funded 1/</b>													
U.S. Citizens					0							0	0
FSNs/TCNs				1	1							0	1
Subtotal	0	0	0	1	1	0	0	0	0	0	0	0	1
<b>Total Direct Workforce</b>	0	0	0	1	1	0	0	0	0	0	0	0	1

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## **Annex D: Summary USAID/Slovakia Program Impact: 1990-2000**

At independence in 1993, Slovakia inherited many improved laws and systems and democratically elected governments at national and local levels. Many foreign observers thought that Slovakia was well on its way to early membership in such organizations as NATO, the OECD and the European Union. However, the first government headed by Prime Minister Vladimir Meciar started to vacillate on the implementation of announced economic policies. After that government lost a confidence vote in 1994, the interim government again aggressively pushed economic and other governance reforms. In response, USAID initiated a broad program of support, focusing on privatization and democracy building. But Meciar's re-election at the end of that year marked the beginning of both a centralizing, authoritarian government and the use of privatization and other economic policies to favor political insiders. The government harassed independent voices and tried to cement itself in power, using both political and economic tools. USAID once again deliberately shifted its program resources to work at different levels and with different organizations so as to maintain forward progress on the long-term goal of preparing Slovakia for membership in European and other Western organizations.

In advance of the 1998 parliamentary elections, USAID directed the democracy portfolio toward encouraging strong but non-partisan voter education and get-out-the-vote campaigns, while also working to safeguard vote security. These efforts, combined with those of partner organizations, might have been the decisive factor in the election of the successor, reform-minded government. Once installed, the new Dzurinda government asked for U.S. assistance for its anti-corruption and economic and financial reform programs. Funding was made available and the closing of the USAID office delayed for a year to permit the completion of most remaining assistance projects.

Throughout the life of the USAID program in Slovakia, assistance was made available to strengthen democratic values, support the transformation of the economy, promote energy efficiency and nuclear safety, reduce environmental contamination, and reform health care systems. Our assistance emphases changed in response to obstacles and opportunities, but our program consistently aimed to advance the cause of Slovakia's transition from a centrally planned economy and one-party state to a vibrant, participatory democracy under the rule of law, with a private sector-led competitive market economy. Today, Slovakia is unequivocally committed to integration and has made demonstrable progress toward that goal.

Slovakia is now a tested democracy, and voters have rejected a return to a centralizing, authoritarian style of government more interested in securing its own position and corrupt personal gain than in the common welfare. The rule of law is being extended. Communities are being empowered and are making more decisions concerning their own affairs. Private citizens are once again spontaneously instituting their own voluntary associations. Individuals are learning how to exercise their rights in a democracy without sacrificing their own individuality.

The Slovak economy has been transformed to a great extent. With a few notable exceptions, state-owned firms have been privatized. The private sector is responding to market signals; it now accounts for more than 80% of GDP. The use of improved technologies is spreading, and

foreign investment is growing. More Slovak goods are being exported to world markets. Energy use is less intensive.

Other improvements have also been made. Natural resources are being protected better now as a result in changes in laws, market incentives and people themselves. Dangerous and potentially debilitating environmental problems are being successfully addressed with greater concern and wisdom. Changes are starting to take hold in some parts of Slovakia's educational and health systems.

USAID activities have left large imprints on the rate and extent of change experienced in Slovakia over the last decade. As detailed in a report on the history of the program recently commissioned by the Mission for its close-out publication<sup>1</sup>, 20 major new private organizations are carrying on programs started under the USAID program. Almost as many private organizations have been significantly strengthened, as have 30 public sector institutions. Over 25 academic programs have been established or modernized to provide trained individuals in the future.

Our legacies are to be found throughout Slovakia: thousands of more proficient people; hundreds of energized communities; improved knowledge bases, with experience in their use; changed attitudes, especially about the role of the individual in a democracy; many continuing partnerships between Slovak and American counterpart institutions and people; hundreds of small and medium businesses providing more jobs and incomes; mushrooming civic associations and more participatory civic interaction; and more capable and effective public and private institutions. The following outcomes are the direct result of USAID-supported activities.

Democracy Building: Political parties and the election process have been strengthened. Independent election observation and parallel vote tabulation have been established as viable models for Slovakia. Slovak NGOs have experience with implementing voter education programs. Almost 5,000 elected and appointed local officials received training in areas they identified, with special courses for hundreds of municipal finance officials and trainers. Municipalities are better equipped to manage water systems once control is transferred to them. USAID facilitated greater agreement on basic policies and financing for decentralizing government to local levels.

Democratic principles are being taught in thousands of basic education classrooms and used to reform school administration and teacher preparation, with good chances for the system being adopted at the national level. Unions are becoming better advocates of member interests and more democratic in managing their internal affairs. The leadership abilities of rural villagers to solve local economic and social problems were built and effective local change agents developed. Slovak courts and other public institutions and private associations have strengthened their contributions to the rule of law. Citizens are more aware of their legal rights and democratic responsibilities.

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I. <sup>1</sup> "Slovak-American Transition Partnership," USAID/Slovakia, March, 2000. Copies are available from Jeff Evans, E&E/OIM. A more detailed study, "Slovak-American Transition Partnership: A History," is also available.

Anti-corruption and awareness campaigns have been launched, resulting in a major government program that enrolls civic society in anti-corruption efforts. Independent media have been established that are financially stable; their programming responds to market demand and is of high quality; and the legal framework for media operations has been improved. Almost 50 NGOs have direct experience in influencing political, social and economic governance decision making. The NGO movement, which includes many organizations strengthened with USAID assistance, has flourished into one of the strongest in Central and Eastern Europe. It is operating with better laws and information systems than previously.

Private Sector Development: Regulatory and institutional capacities for privatization were established and over 30 large firms were prepared for restructuring and privatization; many made successful transformations. Extensive restructuring and management improvement services were provided to over 70 firms, and another 100 firms and thousands of managers received management training and advice. For-profit and non-profit management advisory and training institutions continue to help Slovak firms of all sizes. Modern accounting systems have been installed in many companies, and accounting and consulting firms trained to install the systems further. U.S. volunteer executives helped 225 mainly small and medium firms throughout the country and strengthened the operations of SME advisory centers.

U.S. agricultural volunteers assisted over 150 farms, cooperatives and agribusinesses to transform themselves into profitable concerns, and parts of Slovakia's agriculture system are moving solidly into international competitiveness. Agricultural subsidies were made more transparent and market oriented.

After one earlier USAID-funded attempt to restructure Slovakia's largest public sector bank did not end in its privatization, a second effort under the current government promises to be successful. Over 500 commercial bankers now have modern risk assessment tools. The central bank's on-site bank supervisors can perform bank examinations meeting international standards and have the capacity to meet internal training needs. The central bank's open market and related operations have been upgraded significantly. Capital market regulatory bodies and participant institutions have been strengthened. Over 200 small and medium private business owners have upgraded their skills through internships with counterparts in the United States. A high quality MBA program, the first in Slovakia, has produced its first graduates. Agricultural management curricula were modernized at several universities.

In the energy field, the electric power company has been prepared for entering competitive international markets, and its technical operations have been made more efficient. The country's electricity system is now connected to the Western European grid. The safety of nuclear power generation has been upgraded to international standards, as has the nuclear regulatory body.

Housing privatization to tenants was enabled. Condominium associations and a private home construction industry have been established and shown energy-saving techniques. The focus of housing subsidies has been sharpened and their costs reduced. An updated commercial code was produced and the bankruptcy law's most glaring defect corrected. The remaining problems with

the bankruptcy law are now being addressed. Voluntary mediation has been established as a commercial dispute resolution mechanism.

Environment: Slovakia has made significant progress in establishing the legal and institutional framework to meet its own economic development and environmental protection goals in ways that recognize the requirements for membership in the OECD, EU and other regional and international bodies. The Ministry of Environment's technical management capacity has been solidly established. The Ministry and related bodies now regularly undertake the assessment and management of environmental risks and support remedial actions. The government has a deeper understanding of international approaches to environmental policy and demonstrates compliance with international agreements. Background studies facilitated the country's readiness for membership in the OECD and EU.

The State Environmental Fund was established to make fine and fee income available to support cleanup and education activities, and a revolving loan feature added to finance larger, income-producing activities. The Environmental Information Law is a major step to democratize environmental decision making; it is being used as a model by other governmental bodies. An environmental health training program has been established, and the visibility of environmental health threats and action programs has been raised. Harmful emissions have been reduced in the country's chemical and heavy industries. Pollution prevention is widely acknowledged to be more effective than cleanup. Private and public sector organizations perform environmental impact audits and risk assessments. Environmental economics has been established as a specialized field. A pollution release and transfer registry tracks the generation, release and fate of pollutants. Industries comply better with emission regulations, and industry and government management of toxic compounds has been improved. U.S. technology is helping solve priority environmental problems.

Health Sector: Health sector partnerships have successfully transferred improved health care delivery and management systems to several important Slovak hospitals, including techniques that are effective even with severe financial resource constraints. Health management education capacities sufficient to cover the nation's needs well into the future have been established. Three communities were aided to identify and solve their priority health concerns. These experiences present a model that could be expanded to other communities. While the totality of these efforts could never have the impact of a thorough reform of health care delivery and management systems, they started a momentum for broader improvements. Finally, although several USAID-sponsored attempts to establish a workable health insurance program were scuttled by subsequent government actions, the current government is using the skills and knowledge it gained from these earlier attempts to redesign the health financing system.

Summary: These activities, supplemented by technical training provided to almost 400 professionals through multi-sectoral training facilities, have made major contributions to Slovakia's progress over the last decade. USAID and its contractors, grantees and Slovak counterparts can be proud both of the effectiveness of USAID-financed programs and of their determination to maintain momentum on Slovakia's multiple transitions in the face of an often-negative policy climate. Probably the greatest legacy of the USAID program has been its impact on the large number of partner organizations assisted, both new ones created with USAID

assistance and existing ones that have been significantly improved. The following is a list of these institutions:

*New Private Organizations and Programs*

“Your Land” NGO Support Program (Ekopolis Foundation/ETP Foundation)  
Slovak-American Enterprise Fund  
Orava Association for Democratic Education (U. of Northern Iowa)  
Environmental Training Partnership Foundation (U. of Minnesota)  
TRG Slovakia (The Recovery Group)  
Local Self-Government Assistance Center (ICMA)  
Slovak Management Training Center (The Recovery Group and IESC)  
Slovak Association of Industrial Environmental Managers (World Environment Center)  
Slovak Pollution Prevention Center (World Environment Center)  
Citizens Action (NDI)  
Housing Institute (Urban Institute)  
Vidiecka Organizacia pre Komunitne Aktivity—VOKA (ACDI/VOCA)  
Nadacia pre občiansku spoločnosť—NOS (FCS—Foundation for a Civil Society)  
Slovak Bankruptcy Institute (ABA/CEELI)  
Market Mediation Center (Partners for Democratic Change)  
Municipal Finance Officers Association (RTI, ICMA)  
Slovak City Managers Association (RTI, ICMA)  
Association of Slovak Building Entrepreneurs (PADCO)  
Union of Associations of Housing Owners and its four Education and Information Centers (VICs) (Urban Institute)

*Strengthened Private Associations*

Slovak Judges’ Association  
Slovak Advocates’ Association  
Association of Towns and Communities—ZMOS (ICMA, IESC, VOCA)  
Confederation of Trade Unions—KOZ (ACILS)  
Association of Independent Radio Stations (IREX ProMedia)  
Slovak Syndicate of Journalists (IREX ProMedia)  
Gremium for the Third Sector (ICNL)  
Bratislava Stock Exchange (FSVC)  
Association of Slovak Teachers of English (USIA)  
Petrzalka’s Association of Aid to Children at Risk and its Hope Center (AIHA Truman Medical Center)  
Center for Independent Journalism (USIA International Media Fund)  
Transparency International Slovakia (Transparency International)  
Integra Foundation  
Memo’98 (ProMedia/IREX)  
Občianske Oko (NDI)

### *Strengthened Public Institutions*

Constitutional Court (CEELI)  
Environmental Revolving Fund (Center for Clean Air Policy and HIID)  
Ministry of Health and its Health Insurance Agency (HHS and Healthcare International)  
Ministry of Health Institute of Preventive and Clinical Medicine (EPA)  
Ministry of Agriculture (USDA) and its Support Fund for Agriculture (Iowa State)  
Ministry of Privatization (various)  
Ministry of Economy (various)  
Ministry of Finance (various)  
Ministry of Justice (ICNL, CEELI)  
State Office of Capital Market Supervision (FSVC)  
General Savings Bank (VUB) (various)  
National Bank of Slovakia (Arthur Andersen, KPMG, IBTC, FSVC)  
Institute of Banking Education (KPMG)  
Anti-Monopoly Office (DOJ, FTC)  
Slovak Electricity Company (USEA)  
Nuclear Regulatory Authority (U.S. Nuclear Regulatory Commission and U.S. Department of Energy)  
Ministry of Labor, Social Affairs and Family Housing Allowance Program (Urban Institute)  
Ministry of Environment (WEC, HIID)  
Slovak Environmental Agency and its Risk Information Center (HIID, EPA)  
Steering Committee for Anti-corruption (CEELI, DOJ)  
Plenipotentiary for Public Administration Reform (World Learning)  
Legislative Research and Drafting Service (CRS and ABA/CEELI)  
Bratislava Children's Hospital (AIHA Boston Children's Hospital)  
Health Management School in Bratislava (AIHA University of Scranton)  
Matej Bel University, Faculty of Economics (AIHA University of Scranton)  
Safarik University, Kosice Faculty Hospital (AIHA Providence Hospital)  
Slovak Pediatric Cardiovascular Institute (AIHA Boston Children's Hospital)  
Trnava Hospital and Polyclinic (Healthcare and FDR Hospital)  
Trnava University, School of Nursing and Social Care (AIHA University of Scranton)  
University Children's Hospital (AIHA Boston Children's Hospital)

### *New or Strengthened Academic Programs*

Agroinstitute, Agricultural Marketing/Entrepreneurship Courses (Iowa State)  
Bratislava Health Management School, Center for Training and Consulting Skills Development (AIHA University of Scranton)  
Comenius University Clinical Legal Education Program (CEELI)  
Comenius University Journalism Program (USIA International Media Fund)  
Comenius University Master in Business Administration Program (U. of Pittsburgh)  
Comenius University Program in Mathematical Economics and Finance (U. Pittsburgh)  
Comenius University Pedagogical Methods Center (U. Northern Iowa)  
Comenius University School of Social Work Market Mediation Program (Partners for

Democratic Change)

Konstantin the Philosopher University Pedagogical Methods Center (U. Northern Iowa)  
Matej Bel University, Center for Health Strategy and Policy (AIHA Univ. of Scranton)  
Safarik University Clinical Legal Education Program (CEELI)  
Slovak Technical University Housing Technology Program (PADCO)  
Trnava University, Nuclear Research Institute (U.S. Nuclear Regulatory Commission  
and U.S. Department of Energy)  
Trnava University, Masters for Nurse Managers (AIHA University of Scranton)  
Trnava University, Health Management for Nurses Program (AIHA Univ. of Scranton)  
Trnava University, Environmental Health Program (HIID)  
Trnava University, Occupational Nursing Program (HIID)  
Trnava University, Nursing Resource Center (AIHA University of Scranton)  
Trnava University, Center for Rehabilitation Medicine (AIHA University of Scranton)  
Trnava University, Health Management Institute (AIHA University of Scranton)  
University of Agriculture, Nitra (Iowa State)  
University of Bratislava, Energy Saving Course (Electrotek)  
University of Economics, Bratislava (Iowa State)  
University of Kosice, Energy Saving Course (Electrotek)  
University of Kosice, Environmental Economics Program (University of Minnesota)  
University of Kosice, Restructuring Heavy Industry Engineering Program (U. Minnesota)

### Annex E: USAID/Slovakia Summary Activity Completion Schedule

<b>USAID Slovakia Activities completed in FY99</b>				
	December 1998	March 1999	June 1999	September 1999
<b>SO 1.6. Reduced Environmental Risks to Public Health</b>				
180-0004.11 * HIID - Environmental Policy component				<b>08/99</b>
180-0004.11 * HIID - Environmental Health component			<b>06/99</b>	
180-0004.01 * World Environmental Ctr grant		<b>03/99</b>		
180-0038 * Buy-in to G Bureau Environmental Health Project	<b>12/98</b>			
180-0039.01 * IAA with EPA				<b>09/99</b>
180-0041 * Environmental Training	<b>11/98</b>			
<b>SO 2.1. Increased, better Informed Citizen's Participation in Community Political and Economic Decision-Making</b>				
180-0021 * IFES ( On-site technical assistance )				<b>09/99</b>
180-0022.01 * Promedia Program (IREX)				<b>09/99</b>
180-0032.09 * Democracy Network Grant (FCS)				<b>07/99</b>
<b>SO 2.3. More Effective, Responsible and Accountable Local Government</b>				
180-0034 * Local self-government - ICMA component			<b>06/99</b>	
180-0034 * Local self-government - Environmental Health		<b>03/99</b>		
180-0034 * Local self-government - RTI		<b>03/99</b>		
180-0034 * Local self-government - Housing Privatization		<b>03/99</b>		
<b>SO 4.1. Special Initiatives</b>				
180-0002.07 * Int'l Student Exch Program (Georgetown)			<b>07/99</b>	
180-0030.01 * Industry Contracts/Utility Grants			<b>06/99</b>	
180-0030.05 * IAA with NRC				<b>09/99</b>

**FY 2000 Slovakia SO Level Phase Out Plan**

		<b>Activity Manager</b>	<b>CTO</b>	December 1999	March 2000	June 2000	September 2000	Post Presence
<b>SO 1.3. Accelerated Development and Growth of Private Enterprises</b>								
180-0023.01	IESC Private Enterprise Grant	Z.LICAKOVA	<b>J.May</b>				<b>09/00</b>	
180-0029.01	Large grants competition (UPitt)	Z.LICAKOVA	<b>P.Bekele</b>			<b>04/00</b>		
<b>SO 1.6. Reduced Environmental Risks to Public Health</b>								
180-0039.09	Water Quality & Investment (GEF/Danube)	Z.LICAKOVA	<b>M.Latiff</b>				<b>09/00</b>	
<b>SO 2.1. Increased, better Informed Citizen's Participation in Community Political and Economic Decision-Making</b>								
180-0021.01	Educational reform (ORAVA)	I.FIBINGEROVA	<b>M.Mamlouk</b>			<b>06/00</b>		
180-0021.05	NDI		<b>M.Benedict</b>	<b>10/99</b>				
180-0021.05	IRI	G.MATIJEK	<b>G.Matijek</b>			<b>06/00</b>		
180-0021.08	AFL-CIO support (FTUI)	G.MATIJEK	<b>C.Lynday</b>			<b>06/00</b>		
180-0020.02	ABA Grant (Rule of Law)	G.MATIJEK	<b>M.Mamlouk</b>				<b>07/00</b>	
180-0022.02	Media training (Embassy Office of Public Affairs)	I.FIBINGEROVA	<b>P.Graves</b>				<b>09/00</b>	
180-0024.01	VOCA Grant	Z.LICAKOVA	<b>J.Lee</b>		<b>03/00</b>			
180-0032	ICNL ( Int' Center for Non-Profit Law)	G.MATIJEK	<b>M.Otterman</b>		<b>03/00</b>			
	NFF (Freedom House)	I.FIBINGEROVA	<b>M.Levinson</b>					<b>09/01</b>
180-0032	NGO Support (IGMO)	I.FIBINGEROVA	<b>M.Mamlouk</b>					<b>06/02</b>
180-xxxx	Democracy Commission Small Grants (Embassy)	I.FIBINGEROVA	<b>S.Nix</b>				<b>09/00</b>	
<b>SO 2.3. More Effective, Responsible and Accountable Local Government</b>								
180-0034	Local self-government - Housing Allowance II	I.FIBINGEROVA	<b>L.Fibingerova</b>				<b>07/00</b>	

		<b>Activity Manager</b>	<b>CTO</b>	December 1999	March 2000	June 2000	September 2000	Post Presence
<b>SO 4.1. Special Initiatives</b>								
180-0010	Enterprise Fund (SAEF)	M.MAMLOUK	<b>T.Knowlton</b>					<b>Continuing</b>
180-0020	Anti-Corruption Surveys		<b>G.Matijek</b>	<b>12/99</b>				
180-0020.04	Integra Foundation	G.MATIJEK	<b>G.Matijek</b>			<b>05/00</b>		
180-0020	Partners for Democratic Change		<b>K.Crawford</b>	<b>12/99</b>				
180-0024.05	USDA	Z.LICAKOVA	<b>J.Lee</b>		<b>03/00</b>			
180-0037	Partnership in Health Care ( AIHA)		<b>H.Azzam</b>	<b>11/99</b>				
180-0038	Local Health Reform (AIHA)		<b>H.Azzam</b>	<b>11/99</b>				
180-0038	Health Management Education Project (AIHA)		<b>H.Azzam</b>	<b>11/99</b>				
180-0020	Transparency International	G.MATIJEK	<b>M.Mamlouk</b>			<b>07/00</b>		
	DOT Advisors	M.MAMLOUK				<b>04/00</b>		
	DOJ/CEELI	G.MATIJEK	<b>C.Dumas</b>	<b>10/99</b>			<b>09/00</b>	
180-xxxx	Bank Privatization	M.MAMLOUK	<b>L.Camp</b>			<b>06/00</b>		
<b>SO 4.2. Cross - Cutting Programs</b>								
180-0045.01	TRANSIT	Z.LICAKOVA	<b>J.Nindel</b>			<b>06/00</b>		

## Annex F: Operating Expense Budget Analysis

As planned in last year's R2, the staff was reduced substantially in the first quarter of FY2000. Three operating expense (OE) funded FSNs have been retained until September 2000 to provide services that are not available from the Embassy. The OE funded USPSC Executive Officer (part-time, shared with Lithuania) has been extended until September 2000 to provide administrative support and oversight. The closure of USAID's rented office space and move to smaller Embassy office space was completed as scheduled in January 2000.

OE requirements for FY2000 have been reduced due to staff reductions and the office move. The part-time USPSC EXO extension was achieved at no additional cost. Adjustments have been made to provide for revised estimates related to departures of the USDH staff o/a April 1 and September 30, 2000, and because of a greater than anticipated ICASS charge, an FSN wage increase, and a new severance pay plan for FSNs. These reductions and adjustments bring the total down to the \$400,000 allowance for FY2000.

With the mission closing on September 30, no FY2001 OE funds are required. The proposed post-presence USAID FSN would be program funded with the Embassy responsible for administrative support and administrative support costs.